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93-253



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THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION

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Honorable Nick J. Rahall, II.  
House of Representatives  
2269 Rayburn House Office Building  
Washington, D.C. 20515

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JUN 22 1994

Dear Congressman Rahall:

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

This in reply to your letter of September 14, 1993, concerning the impact of the competitive bidding provisions of the Omnibus Budget Reconciliation Act of 1993 (Budget Act) on independent, small and minority owned businesses.

On October 12, 1993, the Commission released a Notice of Proposed Rule Making, PP Docket No. 93-253 (Auction NPRM), to implement the provisions of the Budget Act concerning competitive bidding. According to the Budget Act, the Commission must ensure the economic opportunity of small businesses, businesses owned by women and minorities and rural telephone companies. To meet this Congressional mandate, the Auction NPRM proposed a variety of financial incentives for the designated entities. Specifically, we proposed to offer the designated entities the equivalent of government financing for payment of their bids for services subject to competitive bidding i.e., installment payments with interest. We also asked for comment on the use of tax certificates. In the case of broadband PCS, the Commission also proposed to set-aside two blocks of spectrum in each market, one of 20 MHz and one of 10 MHz, for bidding by the designated entities. In this manner, the designated entities would only compete with one another for broadband PCS rather than against larger entities with easier access to capital.

I appreciate your comments concerning how the size of market areas and the number of licenses subject to auction for each such market might affect small and minority owned businesses. In a separate proceeding on PCS, GEN Docket 90-314, the Commission adopted a licensing coverage scheme based on Rand McNally's Basic Trading Areas (BTAs) for local markets and Major Trading Areas (MTAs) for regional markets.

In addition, the channelization plan adopted by the Commission includes four 10 MHz blocks, one 20 MHz block, and two 30 MHz blocks, and allows licensees to aggregate not more than 40 MHz of spectrum in any geographic area. This will insure between three and seven PCS licenses in each area.

As we consider the comments filed in the competitive bidding proceeding, I can assure you that we will keep in mind our mandate to ensure economic opportunity for the designated entities, including small and minority owned businesses, as required by the Budget Act.

Sincerely,

*James H. Quello*

James H. Quello  
Chairman

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NICK J. RAHALL II  
3rd DISTRICT, WEST VIRGINIA

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*067*  
*90-314*  
**Congress of the United States**  
**House of Representatives**  
**Washington, DC 20515-4804**  
*PV*

September 14, 1993

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The Honorable James Quello  
Chairman  
Federal Communications Commission  
1919 M St NW Room 802  
Washington, D.C. 20554-0002

Dear Commissioner Quello:

I am writing about the proposed rule making on PCS you plan to issue on September 23, 1993. I am concerned that the ability of independent, small and minority-owned businesses maintain their ability to participate in personal communications services.

That Congress clearly endorsed the participation of small and minority owned enterprises in the provision of PCS in its legislation authorizing the FCC to conduct auctions is clear. The Commission should carefully adhere to Congressional intent in this instance as it considers the number of new PCS licenses necessary to cover a particular region.

Should a few regional licenses be issued, small business will no longer financially or operationally be able to participate with PCS. Indeed, the U.S. Small Business Administration and the U.S. Department of Justice have advocated a licensing structure allowing at least five licenses in smaller markets. This action would allow small and minority businesses to effectively compete and deliver their contributions to the PCS marketplace. This approach would foster innovation, competition, and efficiency, as well as, boost local as well as the national economy.

Open entry for all parties interested in offering personal communications services, multiple licenses, and small market areas will encourage the marketplace. I urge you to adopt a licensing structure to this end.

With warm regard, I am

Sincerely,

  
NICK J. RAHALL, II  
Member of Congress